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The Treasury Note

A monthly newsletter of California municipal finance
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Investment Protection Principles

In response to growing concern regarding corporate abuses affecting the financial markets, the California State Treasurer's Office (STO) joined with New York Attorney General Eliot Spitzer, New York Comptroller Carl McCall, and North Carolina Treasurer Richard Moore in implementing a new policy governing investment banks doing business with their respective states. Under this policy, investment banking firms will be asked to adopt the "Investment Protection Principles" set forth in the recent agreement between New York Attorney General Eliot Spitzer and Merrill Lynch & Co.

In addition to the above named states, the California Public Employees' Retirement System (CalPERS), the largest retirement system in the United States, and the California State Teachers' Retirement System (CalSTRS), the third largest retirement system in the United States, have joined in adopting this policy. Recently, the STO, Mr. McCall, and Mr. Moore met with financial leaders from 17 other states and the District of Columbia in an effort to expand the drive for improving corporate accountability and restoring integrity to the financial markets.

The STO, as California's banker, is responsible for selecting investment banks to work on state debt issuances expected to exceed \$25 billion in the coming year. In adopting the "Investment Protection Principles," the STO has asked all investment banking firms in its underwriting pool and on its Pooled Money Investment Account broker/dealer list to complete a survey regarding their implementation of the "Investment Protection Principles." Additional information regarding the "Investment Protection Principles" can be found on our website at www.treasurer.ca.gov/corpgov.htm.

SPWB – Capitol Area East End Complex

One of the many services the State Public Works Board (SPWB) provides is the issuance of lease purchase revenue bonds to fund the acquisition and construction of state office facilities. The SPWB will issue lease purchase revenue bonds this fall to finance the Capitol Area East End Complex (the Complex) currently under construction in Sacramento.

In 1997, the Legislature authorized construction of the Complex through Senate Bill 1270. The bill allowed the Department of General Services to proceed with the development of buildings for use by the state departments of Education and Health Services. The plan calls for construction of five office buildings on state-owned land, located east and south of the State Capitol building and Capitol Park in downtown Sacramento.

The 1.5 million square foot Complex features significant environmental and energy efficiency measures, and consolidates approximately 6,300 employees currently housed in 19 separate locations around Sacramento, resulting in an estimated savings to the State of \$220 million over 30 years.

The \$392 million lease purchase revenue bonds will finance the Complex's construction and related costs. Morgan Stanley will serve as book-running senior manager, with UBS PaineWebber Inc. and Siebert Brandford Shank & Co., LLC serving as co-senior managers. Orrick, Herrington & Sutcliffe LLP will provide bond counsel services, along with Robinson & Pearman LLP as co-bond counsel.

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“SPWB – Capitol Area East End Complex” continued

Lofton & Jennings will serve as disclosure counsel. Kelling, Northcross & Nobriga will serve as pricing advisor.

To learn more about the Capitol Area East End Complex, please visit the Department of General Services website at www.eastend.dgs.ca.gov. For additional information regarding the issuance of these bonds, please visit the State Treasurer's Office website at www.treasurer.ca.gov or contact *Investor Relations*.

Information & Assistance

To receive The Treasury Note newsletter monthly or for bond related questions contact *Investor Relations* at (800) 900-3873.

For updated information regarding upcoming bond sales, the State's credit rating, and other bond related information, log on to our website at www.treasurer.ca.gov.

Bond Sales Calendar^{1, 2}

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website (www.treasurer.ca.gov) or call *Investor Relations*.

PROPOSED BOND SALES	AMOUNT	SALE DATE
DWR Power Supply Revenue Bonds	\$11.8 billion	To be determined
Revenue Anticipation Notes	\$7 billion	Fall 2002
General Obligation Bonds (Fixed Rate)	\$1 billion	Fall 2002
State Public Works Board	\$400 million	Fall 2002
State Public Works Board	\$180 million	Fall 2002
Tobacco Securitization Bonds (Subject to Legislation)	\$4.5 billion	January/April 2003

¹ Subject to change

² Economic refundings may be added

Redemptions & Defeasances

The listing below reflects redemptions and defeasances officially announced as of September 1, 2002.

State Public Works Board of the State of California, Lease Revenue Bonds (The California State University), 1992 Series A, Dated Date: April 1, 1992 (Partial Redemption).

\$10,030,000 of the bonds (CUSIP Number 13068GJC1) due October 1, 2005, \$10,695,000 of the bonds (CUSIP Number 13068GJD9) due October 1, 2006, \$50,610,000 of the bonds (CUSIP Number 13068GJE7) due October 1, 2010, and \$128,635,000 of the bonds (CUSIP Number 13068GJH0) due October 1, 2017 will be redeemed on September 1, 2002.

State of California, Various Purpose General Obligation Bonds, Dated Date: October 1, 1992 (Partial Redemption).

\$65,160,000 of the bonds (CUSIP Number 130628YW4) due October 1, 2014, \$32,580,000 of the bonds (CUSIP Number 130628YX2) due October 1, 2015, \$130,320,000 of the bonds (CUSIP Number 130627BB7) due October 1, 2019, and \$65,160,000 of the bonds (CUSIP Number 130628YY0) due October 1, 2021, will be redeemed on September 1, 2002.